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## **AUSTRALIAN CUSTOMS NOTICE NO. 2010/14**

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### **Customs Tariff Amendment Bill (No. 1) 2010 – End-dates for items 53C, 61 and 73 in Schedule 4 of the Customs Tariff**

The Customs Tariff Amendment Bill (No. 1) 2010 was introduced into the House of Representatives on 11 March 2010. When enacted, the Bill will amend the *Customs Tariff Act 1995* (the Customs Tariff) to provide end-dates for three concessional items in Schedule 4, as follows:

- Legislate an end-date of 31 December 2009 for item 53C;
- Insert an end-date of 30 June 2010 for item 61; and
- Amend the end-date of item 73 from 30 June 2017 to 30 June 2011.

#### Item 53C

Item 53C in Schedule 4 of the Customs Tariff provided a mechanism to reduce the general rate of customs duty from 10% to 5% for certain goods entered for home consumption on or after 1 January 2005, and that were not of a kind used as components in passenger motor vehicles.

On 1 January 2010, the general rate of customs duty of 10% on passenger motor vehicles and their parts and components fell to 5%, in accordance with previous legislation. Consequently, item 53C became redundant from that date.

The insertion of the 31 December 2009 end-date into item 53C was previously given effect through the publication of Customs Notice (No. 3) 2009 in Special Commonwealth *Gazette* S213 of 14 December 2009, under the provisions of section 273EA of the *Customs Act 1901*. ACN 2009/54 refers. Customs Tariff Amendment Bill (No. 1) 2010 contains an amendment to incorporate that end-date into item 53C in the Customs Tariff.

#### Items 61 and 73

The amendments to items 61 and 73 relate to import concessions for the textile, clothing and footwear (TCF) industries. Item 61 gives effect to the Expanded Overseas Assembly Provisions (EOAP) Scheme and item 73 to the Product Diversification Scheme (PDS) for certain clothing and finished textiles.

The amendments to these items reflect the Government's change of policy, from providing assistance through tariff concessions to providing a wider range of support to TCF industries, as set out in the Government's TCF Innovation Package, announced in the 2009-10 Budget.

The EOAP provides duty concessions, through item 61, for certain TCF goods that are manufactured overseas from Australian fabric and are subsequently imported back to Australia.

The amendment to item 61 inserts the text "and entered for home consumption on or before 30 June 2010" into the item. This amendment provides an end-date of 30 June 2010 for the item, but also requires that goods that are potentially eligible for the item 61 concession must be entered for home consumption, on or before 30 June 2010.

Importers should note that treatment codes 461 and 561 that give effect to item 61 will not operate on and from 1 July 2010.

The PDS for certain clothing and finished textiles allows producers to earn duty credits through additional production in Australia of eligible nominated TCF goods and then to apply those credits, through item 73, to offset duty payable on qualifying imported finished clothing or textile articles.

While importers will no longer be able to earn duty credits under the PDS after 30 June 2010, the end-date of 30 June 2011 for item 73 will provide importers with an additional twelve months to use those credits.

Further information on the Government's policy relating to the TCF industries may be found at the Department of Innovation, Industry, Science and Research website at:

<http://www.innovation.gov.au/General/Corporate/Pages/Budget200910.aspx>

Then select "Building Innovation in Textiles Clothing and Footwear".

#### Legislated End-date for Item 68

Item 68 provides duty free entry for qualifying goods under the SPARTECA (TCF Provisions Scheme). While item 68 is not being amended in the Customs Tariff Amendment Bill (No. 1) 2010, this opportunity is taken to remind importers that the item has a legislated end-date of 31 December 2011, as set out in the Customs Tariff working pages.

#### Tariff Reprint Pages

The following Customs Tariff reprint pages, reflecting the above changes, will be available in the week commencing 22 March 2010: Schedule 4/29 (R.11), Schedule 4/31 (R.9) and Schedule 4/35 (R.8). These pages are labelled operative BBB: BBB will be replaced with the date of Royal Assent for the Customs Tariff Amendment Bill (No. 1) 2010, when this is known.

Schedule 4/27 (R.9) has previously been issued in connection with the amendment to item 53C.

Inquiries concerning this Notice may be directed to:

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